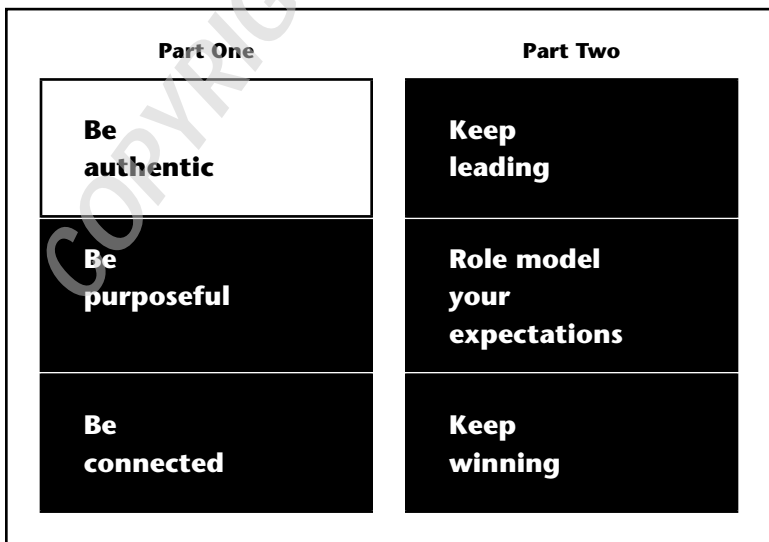


## Chapter 1 Be Authentic

The first change-leadership takeaway is to *be authentic*. It begins with valuing integrity, knowing who you are and knowing what to do with your life.



## LOOK IN THE MIRROR

When, in 1974, I moved from northern New Jersey to work at the Dorsey Laboratories Company in Lincoln, Nebraska (about as far from where I grew up as anywhere in the world), I understood how I might be perceived—as a foreigner with an accent in a suit sent from corporate. I was also only the second senior Sandoz executive to show up at this fiercely independent company, which had been taken over by Sandoz seven years earlier. Acknowledging that there would be all sorts of reasons for people to resent or be suspicious of me, I resolved to show them what I believed to be the real me—a down-to-earth person who wanted to make a difference.

Noreen and I acculturated with ease. Our positive attitudes made living in Nebraska enjoyable. We appreciated the warmth and hospitality of the new friends we made. We even became Cornhuskers fans and took in several home games, which were always amid a sea of red from the clothing of the enthusiastic fans chanting, “Go Big Red!”

At the office, I focused on listening, learning and making a difference. Within weeks, I knew I was gaining traction. I was getting invited in on important projects, such as the company’s first five-year plan, and was soon promoted to the Operations Committee, Dorsey’s *Team at the Top* that ran the company.

It was at Dorsey that I realized the collective teamwork and role modeling by the Team at the Top is critical as part of shaping a culture. That is why my Playbook uses this term repeatedly rather than conventional terms such as “Corporate Management.”

I kept getting promoted every year or two until I became the top commercial person at Dorsey. Then, while in my mid-30s, I accepted the opportunity to run a country operation for Sandoz as the local CEO. At my farewell dinner in June 1980, I received a plaque from the Operations Committee that described the philosophy I follow and carry with me to this day: “Success begins by reinventing oneself—via self-awareness, self-knowledge, and self-development.”

I had started developing my Playbook even before I went to business school, and now I was using and refining it—always starting

with having a positive attitude (described in more detail later in the book). Building strength begins with having the courage to look into the mirror and to be brutally honest about what you see. You need to look in the mirror in order to recognize how people perceive you, so that you can then decide how to present yourself as you truly are. Positive transformation requires you to ask yourself the following questions: Who am I? What do I want? How am I doing? How am I *really* doing? How can I improve?

*Learning self-truths via self-interrogation builds personal strength, which is necessary for building strength in others and for building team strength.*

## USE MIRRORS TO TELL THE TRUTH

In a crisis, getting people to honestly see themselves can help turn around a game that is going badly for the home team. Going into the crisis at Schering-Plough (SGP) in 2003, I wanted to do something to show our people that we were all in this together—that only through *their* efforts could Schering-Plough be saved.

Brent Saunders, whom I brought in as head of compliance, had mirrors mounted at principal sites around the company. (Brent later became CEO of Bausch + Lomb). The idea was to start changing the mindset of our people. Since the company was in serious hot water with federal investigators for a variety of compliance issues, one goal of the mirrors was a practical one: to convince people to alert us to issues we should know about. There was a telephone number posted just under the mirror so that people knew whom to call if they had a question on compliance, suspected wrongdoing or knew of even unintentional violations.

We were encouraging people to do the right thing, but the purpose of the mirrors was much more. At companies in crisis, people tend to feel victimized and send negative energy to the people around them. We wanted our people, especially our frontline people, to take ownership of both the problems *and* the solutions. We wanted people to see *themselves* as part of the answer, as opposed to looking at *others*. We wanted them to develop productive attitudes.

We hoped the person in the mirror staring back would say, “If you see bad things happening, you are responsible for doing something about them. If you see good things happening, recognize them too.”

*Self-honesty is an essential authenticity strength.*

### KNOW WHO YOU ARE NOT

Sometimes looking in the mirror can help you recognize your limitations. In 1991 I was heading up Wyeth Domestic and Wyeth R&D (research and development), and one of the tough calls I made was in the leadership of the R&D division. Productivity, especially in the D (development) area, had not kept up with the best-performing companies. We had a big hole in our late-stage new-product pipeline. In trying to replace the exited R&D chief, I flirted with some radical thoughts. I was considering breaking up Wyeth’s R&D and having both research *and* development report to me directly. This way, I could focus on the development operations directly.

Bob Essner worked for me as head of commercial. (Bob later became chairman and CEO of Wyeth.) He had taken a chance on me by being the first to join me in 1989 at Wyeth from Sandoz U.S. I asked Bob for his opinion about my idea of taking direct control of both research and development. He responded with a question: “Are you comfortable being head of R&D?” This subtle question made me realize what Bob already knew—I was not an “R&D guy.” Instead, I hired Bob Levy, MD, a world-renowned medical research leader, to head both R and D. He thrived in that position, and helped us build the strongest pipeline in Wyeth’s history.

Another “know who you are not” leadership style I learned was to rely on the functional and technical experts to do their jobs. I didn’t hesitate to pressure-test where I felt the need—but in the end, I wanted them to own their decisions.

Strong executives at every level of a company have mature and attuned attitudes that enable them to ask those they trust the tough questions about their abilities and their ideas—and to listen even if it isn’t what they want to hear.

External feedback is important. Strong leaders must build a safe environment in which they can receive honest feedback from those around them. Besides recognizing your strengths, it is important to know when you need help from smart people. I know iconic CEOs who got derailed because they did not mitigate their own weaknesses with “A-players.” I have always tried to have strong players on my team, whose strengths obviated weaknesses and whose skills were complementary to mine and the other players’. I have also tried to have sounding boards and advisers on various subjects both within and outside the companies where I work, and outside people who could be even more objective. Having people around you who become the yangs to your yin, who help you keep your feet on the ground, becomes even more important the higher up you go in an organization.

The higher up we go in the organization, the more we get work done through other people. This means not only building trust with the people who will execute our decisions, but also a willingness to let go of the control that we may have had as successful individual contributors.

We may be fiercely proud of our own accomplishments, but, as leaders, we take pride in the accomplishments of others.

*By knowing who you are not, you can offset your weaknesses.*

## **KNOW WHO YOU ARE**

In addition to knowing who you are not, it is important to *know who you are*. I learned early in my career that I had a passion for and an ability to drive product innovation and global product launches. At Dorsey in the 1970s, I volunteered with corporate to launch a new antihistamine allergy medicine, Tavist. This medicine had already been launched in Europe. Even though the FDA had approved the product, Tavist had sat on the shelf for more than a year at Dorsey’s then-larger sister division, Sandoz, because the Sandoz product-management group felt it was too difficult to launch. I got Dorsey Product Management busy with Tavist—but I also dug in as a “product driver.” The creative

sessions built energy and growing conviction. We launched Tavist within six months of it being assigned to us. Tavist sales and profits in the United States soon surpassed those in other territories. Corporate headquarters in Basel, Switzerland, was so surprised with our success that the CEO, Dr. Marc Moret, asked me to be a special speaker on the Tavist story at the company's centennial celebration in Basel in the fall of 1986.

Some important questions to ask yourself are: Do I have the natural talent to excel in the job to which I am aspiring? Am I willing to fail? Am I willing to be relentless in the face of disappointments? Where you are not sure about your abilities, my perspective has been that you should have a bias toward "I can do it." Believing in yourself makes you more likely to succeed.

*You should try to find your hidden strengths, and then lead from them.*

### **MAKE BUSINESS INTEGRITY A COMPETITIVE EDGE**

*Business integrity* is a better working model than *ethics* or *morality*. The latter two are colored by the lens of the beholder, which sometimes reflects local religion or culture in a judgmental and divisive way. Business integrity is universal.

I learned from my parents that reputation and trust are critical. My dad retired in 1969. In 1976, the prime minister of Pakistan, Zulfikar Ali Bhutto, asked him to come out of retirement to be Pakistan's ambassador to India, and to reopen the embassy, which had closed after the 1971 war. Prime Minister Bhutto told my father that he was choosing him knowing that he did not belong to his political party, but knowing that my father's whistle-clean reputation would help him gain rapid acceptance by India's prime minister, Indira Gandhi. I saw my dad succeed as a leader in his field because he earned trust.

The Catholic schools I went to embedded in me the values of diversity of thought, self-learning and doing good to others. I remember two booklets that were a part of our curriculum, both of which made a lasting impression on me. One was called

*Moral Science*, and the other, *Hints on Politeness*. From them I learned that all human beings are special because they have intellect, memory, will and conscience. I learned that there were crosscutting basic values, such as the Golden Rule, that bring people together.

The fundamental premise is that we start life being morally equal—regardless of the family, the religion or the country we are born into. Through experience we refine our awareness of what is right or wrong until we become responsible for our own integrity. As CEO, I worked to develop a common language and understanding of business integrity that could span countries, cultures and religions. After my arrival at SGP, when the company was in serious hot water with the Department of Justice, one of my main messages at the first global town hall meeting in April 2003 was, “Let’s look to business integrity as a way to *differentiate ourselves by earning trust*.”

Business integrity was commonly understood—whether we were in Kuala Lumpur, or Nanjing, or Prague, or Berlin, or New York, or São Paulo. The strong culture we developed made it possible to reenter into “compliance-challenged” countries like South Korea and Brazil, and to grow fast with our local operations there. SGP’s Business Integrity Program became a learning center for other much larger companies.

Business integrity also means not playing favorites—even when we like someone more than others. Fairness builds trust. As CEO, I tried to be impartial not only on business matters, but also on social matters (such as not singling out any Level 2 colleagues for golf or card games or social trips).

All of us at one time or another, in both our careers and our private lives, will be confronted with decisions that will be guided by our own view of “doing the right thing.” Business integrity will allow us to sleep well at night.

In the spring of 1997, I had already decided to leave Wyeth (WYE) to take the CEO job at Pharmacia & Upjohn (PNU) when Ulf Wiinberg, a global executive who we inherited as a result of the American Cyanamid acquisition in 1994, was offered a job by

my *about-to-be* employer, PNU. PNU had a leadership hole to fill in Sweden, and Ulf, with his experience and Swedish background, would have been a perfect fit. But at Wyeth, I had him on our HTL (hate-to-lose) list, and I felt a responsibility to my *current* employer. We made a counteroffer to Ulf that kept him at Wyeth. Ulf, subsequently, did a great job running Wyeth's UK operation, Wyeth Consumer and Wyeth Europe, before taking a public-company CEO job in 2008. PNU never got Ulf, but I slept well at night.

*Integrity is fundamental to serially successful leadership.*

## BE INSPIRED

I was the first person in my family to attempt an advanced science education. One day in 1960, I went to my physics teacher, Mr. Rogers (a British expatriate), and told him I wanted to drop his course. He said no. He told me I *had* ability and convinced me to keep trying. Seven years later, I majored in chemical engineering at the Imperial College of Science and Technology at the University of London.

When I look back on my high school years, I am grateful to Mr. Rogers. He wasn't a brilliant instructor or even a warm individual, but he told me that I had ability, that he believed in me and that he refused to accept my decision to drop his class. That inspired me.

By expecting and demanding a lot of ourselves, and by having clear goals, we inspire those around us.

Once you are inspired, think like a winner. Develop the mental muscle to build positivity. And if negativity arises, get rid of it—fast! Gain energy and strength by making a mental picture of what success will look like. Repeatedly visualize the destination with clarity, feeling and excitement.

Choose friends and companions who have positive attitudes, and who feed your aspirations, your commitment and your energy. Stay away from the “damp rags.”

*Be inspired, then inspire others.*



## BE HUMBLE

I learned early in my career about “the arrogance of success.” After leading the dramatic turnaround of Dorsey Laboratories’ Triaminic line of cough and cold products in 1976, my self-confidence soared. I went on to acquire a snazzy trade name, Sunbrella, and launched a new sunscreen product with that name. The product turned out to be a complete disaster! I had assumed that dermatologists would actively recommend the product to their patients to help them avoid skin cancer. What I didn’t know was that the sunscreen category was largely a seasonal “push” business that required aggressive trade promotions primarily targeted to sun-soaked recreational areas. This was not Dorsey’s business model! The inventory write-off was painful, but the failure taught me to look hard in the mirror and learn to temper self-confidence with humility.

Hubris is the number one reason that top leaders fail. Time and time again people lose perspective as they climb the corporate ladder.

When I, as a board member, see someone promoted to CEO, I look at how a former Level 2 person is now handling Level 1 power. Is she going out of her way to remain humble, or is she letting power dull her sense of who she really is? Is she still returning phone calls from those who contributed to her success?

It must be said that it is incumbent on a newly appointed CEO, especially one who has been promoted from within the company, to establish a certain *emotional distance* from former peers so that she can hold them accountable. She also needs to quickly earn the *legitimacy* that comes from attitude, behavior, raw competence and relentless energy. But it remains the case that executives need the attitude of humility to *actively* listen and *actively* learn, and to know that *what* is done and the *way* it is done can always be better.

I remember having a debate on ego and ambition in my early years at school. Channeled well, these can lead to tremendous advances for mankind (Thomas Edison is an example of an individual who channeled ego and ambition well). Channeled poorly, they can lead to horrific consequences for mankind (Adolf Hitler

is an example of an individual who channeled ego and ambition poorly). Good leaders must have ego and ambition in order to have the drive and the commitment to stay the course. They also need to have humility, self-awareness and self-control so they can stay balanced and work well with people.

At Harvard Business School, I took a course that taught humility. We wrote WACs (written analyses of business cases) that were subsequently graded by liberal arts undergraduates at the neighboring all-women Wellesley College. They gave us in-person feedback on our analyses and written communications. The experience was often humbling. For the arrogant among us at Harvard (arrogance at Harvard, oh my!), there was the usual disdain: “What makes *them* qualified to be *our* graders?” But for most of us, who were learning about the importance of communicating complicated information simply and clearly, this was also a great exercise in humility.

I have tried to follow a questioning process of self-examination in order to prevent arrogance and maintain humility: Am I on the right path? Am I maintaining a sense of authentic humility? Am I acting with integrity? Am I owning my mistakes?

My parents modeled realistic behaviors like responsibility, modesty and frugality. “Keeping up with the Joneses” was an attitude that was pervasive when I was growing up during the 1950s. However, my family established its own comfort level. My parents sent my two siblings and me to Catholic schools where the fees were modest. Though the worn facilities reflected these modest fees, what mattered were the values and the discipline that the schools imparted, and the opportunity to work and play side by side with bright, hardworking kids from heavily subsidized households.

Building a frugal mindset early in life continued when my mother helped me open a savings account at the local post office and encouraged me to see the monthly accumulation in the account as a source of freedom and pride. I learned early that I can accomplish my goals with less. I also learned that people with simple needs are often happier than those who spend too much.

When I lived as a 19-year-old engineering student in London on \$160 per month, and later, as an MBA student with Noreen in

Cambridge, Massachusetts, on \$2,400 per year, I never felt disadvantaged, because there was always a way to live well and make the experience enjoyable.

Another important way to help you stay humble: keep your sense of humor. Connecting with oneself and with others is a human need, and, as leaders, we work hard at doing this well. A sense of humor always helps—it makes us more human. It provides a sense of perspective, and reminds us not to allow events to weigh us down. And it makes it easier to get in tune with colleagues and those we lead. It also helps create disarming moments during tough negotiation discussions. Even amid some failures, I tried to find humor as a way to motivate the team to learn and to move on.

*Humility is a strength of serially successful leaders.*

## TAKE CHARGE, AND DON'T PLAY THE VICTIM

We must not become “victims,” when, in fact, we can do a lot to take charge of our own destinies.

“My supervisor doesn’t like me; he thinks I’m no good.” This may or may not be true, but what are you going to do about it? Are you going to walk around saying “I’ve been pigeonholed” and wait for the ax to fall? I hope not. You control your psyche. You control your life. Don’t play the victim. *Work to change the situation.* If you are passed over when you deserve the job, redouble your efforts. If the situation looks impossible, then for heaven’s sake, leave as soon as practicable! If your environment is not favorable, then reinvent yourself and your environment.

I once worked in a company that had a famously autocratic culture. Some coworkers described it as almost intolerable. The finance department wielded excessive power. People were often verbally abused in an environment of bad language, excessive drinking and disrespect. I remember, for example, a written request—to spend \$4,000 to send an A-player to a seminar—getting no reply. I later heard it went into the finance chief’s wastebasket!

But I didn't let those things make me a victim. I opened up a comfort zone by not focusing on the negatives. I searched for good qualities and found the positives. The executives around me were financially driven and liked to do deals. I earned their trust by showing that I was good at not only making my operating numbers, but also at deal sourcing, deal negotiations and follow-through. I used my increasing credibility to empower those around me, making my environment more tolerable and productive. Not only was I able to help improve the environment, but I kept receiving extra responsibilities and promotions.

*We must take ownership of what we do and the choices we make. We own our attitude. We own our happiness.*

### TAKE OWNERSHIP, SHUN THE BLAME GAME

Unfortunately, in business and politics, accountability often gets sidetracked by escapist behaviors like passing the blame, denial, justifying, passive-aggressiveness or outright giving up. Taking ownership of what I did was deeply embedded in me as an engineering student in my teens in London—a continent away from where I grew up—and as a newly married, recently arrived MBA student in Massachusetts. As CEO, I worked hard on setting a tone and relying on my Level 2s to also set the tone and to encourage the frontlines to do the right thing and to take ownership of what they did.

Just as one should never play the victim game, one should shun the blame game. It becomes counterproductive very fast. Take ownership of yourself and your actions. Taking ownership is all about accountability; it gives us the ability to be counted upon. Accountability includes positive behaviors like taking charge, being willing and embracing freedom. It means taking responsibility for change, both in your personal life and as a member of a team.

*Accountability puts you in control, allowing you to take command of your attitude and behavior and to make things happen. It gives you that inner glow that comes from pride of ownership.*

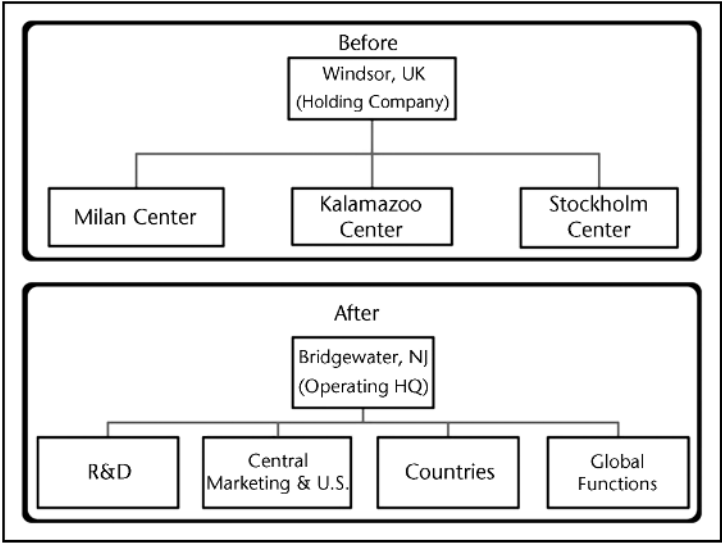
## DEAL WITH WHAT STARES YOU IN THE FACE

When I became CEO of Pharmacia & Upjohn (PNU) in May 1997, job one was to untangle the mess created by the Swedish company Procordia AB's original acquisition of the Italian company Farmitalia Carlo Erba in November 1993, which resulted in the creation of Pharmacia, and its subsequent merger with Michigan's Upjohn in November 1995. Frustration and even despondency were setting in. Shortly after I arrived, Jack Lamberton, a well-known financial analyst, wrote, "Only a miracle can save this company."

As an outsider, I was able to identify the immediate problem soon after I took charge. The goal of the merger had been to create a unified global company with a powerful R&D and commercial engine. What had happened instead was that the merged company was structured to pacify the fiefdoms in Kalamazoo, Stockholm and Milan. Predictably, power struggles ensued and the new central "corporate" office in Windsor, UK, had neither the capability nor the will to step in and rectify the situation. A "decision by committee" with a "right to veto" environment was adding to the mess.

Why couldn't others see what was staring them in the face? There was too much wishful thinking that "things are going to be fine," too much complaining, commiserating, apathy or, in some cases, hopelessness and capitulation. But the primary culprit was defensiveness on the part of those who had put the merger together. The individuals who were protecting their turf dug in. The investors, too, were fearful of change, which could further harm the stock price in the short term.

We saw the problem and we were determined to *do* something about it. We moved with speed to break down the cultural divides that had fractured the company. We eliminated the three regional "business centers" in Kalamazoo, Stockholm and Milan, and created a single global organization with an operating headquarters that would have a stronger link to our 60 country operations. We reinvented the company's environment by moving the combined operations, including the U.S. commercial operations from Kalamazoo, to a new site in New Jersey. In the process, we



**FIGURE 1.1    Pharmacia & Upjohn: Early Actions on Structure**

eliminated management layers and encouraged sharing staff work between the U.S. operations and the global functions (such as having the product marketing function do both the global and the U.S. work). (See Figure 1.1 for the before and after constructs.)

The announcement was traumatic for many people who were faced with moving their families thousands of miles from home, or relocating for a second time within two years. But it was also greeted with relief by those who understood that only a radical fix could cure the dysfunction. Almost all of the executives who were invited to relocate from the “holding company” headquarters in Windsor to New Jersey did so. In their hearts, they knew it was the right decision.

After the reorganization, we made a conscious choice to go global with our commercial engine. We united behind five high-potential products for the newly globalized organization. We wanted these “product drivers” to be properly introduced and maximized in as many of our 60 country operations as possible. I sat in on many R&D presentations, where our newly globalized R&D team searched for

the best new-product bets, and removed those that were less promising. We made the infighting and the paralysis irrelevant by completely changing the dynamic of our now reinvented company. We wrested control of our most important R&D projects and our globally promoted products from the regional fiefdoms, and put them into the hands of simplified global teams and our country managers. We also reduced the corporate management team from nineteen to seven, and, in the process, eliminated many senior leaders who were culture resisters. We had a “very low tolerance for the energy absorbers, the loners, the politicians, the silo operators, and the malcontents.”<sup>1</sup>

By 1998, PNU had experienced a dramatic turnaround, making possible transformational actions such as the acquisition of the oncology company Sugen in 1999, and the Monsanto mega-merger in 2000. We morphed from a \$15-billion market cap company in 1997 to a \$52-billion market cap company three years later upon PNU’s merger with Monsanto.

When I faced difficult starting points, my Playbook was almost always to make people confront the unwelcome truths of the situation we were facing at that time. Then it was to ask people to make a commitment to change and to making sacrifices; to identify what needed to change, communicate it to stakeholders and get buy-in; make the tough calls and then get the entire team to move forward in the same direction and with a sense of purpose.

*Face reality and face it fast.*

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## Chapter One Takeaway

**Being authentic, valuing integrity, knowing who you are and knowing what you want is the starting point of becoming stronger.**

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<sup>1</sup>Victoria Griffith, “The People Factor in Post-Merger Integration,” *strategy+business*, Third Quarter 2000/Issue 20.

